Webinar: The Three Cornerstones for Effective Supply and Demand Planning

with
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CEO, Competitive Insights

and
Bryan Garland
Consultant, OM Partners

Supply & Demand Planning Certificate
Learn to apply the latest planning techniques to align your business and mitigate risk

World Class Sales and Operations Planning
COURSE DATE: June 1-2, 2015
http://www.scl.gatech.edu/wcsop

Integrated Business Planning
COURSE DATE: June 2-3, 2015
http://www.scl.gatech.edu/ibp

Supply Chain Risk Management
COURSE DATE: June 4-5, 2015
http://www.scl.gatech.edu/scrm
Georgia Tech Supply Chain & Logistics Institute
Research & Innovation Centers

- Supply Chain Strategy
- Warehousing & Distribution
- Global Transportation
- Resource Scheduling
- Manufacturing Logistics
- China Logistics
- Health and Humanitarian Logistics
- Integrated Food Chains
- Predictive Analytics and Real Time Optimization
- Trade & Logistics Innovation Centers

Locations:
- Singapore
- Panama
- Atlantic
- Mexico
- Costa Rica
- Savannah
SUPPLY AND DEMAND PLANNING (SDP) CERTIFICATE

The program is designed for professionals with broad planning responsibilities, as well as professionals with more focused areas of concern who want to gain a solid understanding of the important techniques, tools, and components associated with integrated supply chain planning.

HOW THE SDP CERTIFICATE WORKS

Take all four courses within four years to receive your Supply and Demand Planning Certificate. Required SDP courses include:

- World Class Sales and Operations Planning
- Integrated Business Planning
- Supply Chain Risk Management

Participants may choose one of the following as their elective:

- Inventory Planning & Management
- Demand-Driven Supply Chain Strategy
- Defining and Implementing Effective Sourcing Strategies
- Measuring and Managing Performance in Supply Chain and Logistics Operations.
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Bryan Garland
Consultant, OM Partners

S&OP, Demand Mgmt. and Collaboration
How companies optimize the cycle
Company perspective

- Demand Management, Forecasting and S&OP project orientation
- Avoid those planning functions as islands
- Project perspective from projects such as:

- Huntsman
- Dow
- Georgia-Pacific
- Monsanto
- Eastman
- Boehringer Ingelheim
- Kimberly-Clark
- Michelin
- BASF
- Bridgestone
- Johnson & Johnson
How important is integration of DP – S&OP

- Demand Management
  - Demand Planning
  - Collaboration
  - Order Allocation & Promising

- This results in ‘unconstrained’ demand

- Unconstrained demand is bound to be constrained by factors

- Constraining process is S&OP through
  - Operations shaping
  - Demand shaping
Results of many studies ...

<table>
<thead>
<tr>
<th>Type of Software</th>
<th>Demand Only 16%</th>
<th>Both 76%</th>
<th>Supply Only 8%</th>
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<tbody>
<tr>
<td><strong>Demand Planning Solution:</strong> the use of analytics to predict what a manufacturer or retailer should Manufacture or sell.</td>
<td>92% Demand</td>
<td>84% Supply</td>
<td><strong>Supply Planning Solution:</strong> the use of analytics to plan distribution and manufacturing in order to make tactical decisions (medium-to-long term planning).</td>
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Source: Supply Chain Insights LLC, Planning Software Study (Feb – Oct 2014)
Base: Manufacturers, Retailers, Wholesalers/Distributors/Co-operatives and Third-Party Logistics Providers with Demand and/or Supply Planning Software and Know Number of Planning Instances (n=120 respondents)
Q6: Which of the following, if any, do you currently have at your company? Please select all that apply.
5 Stage Gartner Model for S&OP

**Stage 1: React**
- One number plan - sales and supply
- Common data model
- Central database
- Analytics
- Dashboards

**Stage 2: Anticipate**
- Reality based capability planning
- Native integration with operational planning
- Response planning
- Real-time ERP/SAP integration

**Stage 3: Integrate**
- End-to-end Supply chain modeling
- Swaps
- Financials
- Promo planning
- Cost based Optimization
- KPI framework

**Stage 4: Collaborate**
- Multi-enterprise visibility/collab.
- Demand revenue planning
- Profit driven optimization
- Demand allocation
- New Product introductions
- Collaborative demand and supply planning

**Stage 5: Orchestrate**
- Workflow management
- Interaction & socialization
- Network design
- Demand sensing
- What-if scenarios
- Integration with CRM, CPM, BI, ...
- Mobile devices
- Cloud solutions
IBP Balance between a Full Cycle & Agile Responses

Demand Planning

S&OP
- Holistic SC visibility
  - Mid to Long Term
- Flexibility in granularity
- Scenario Comparison
- Heuristic based
- Full optimization

Supply Planning

Short term response
- Fast Response
  - Dashboards to verify alternatives
- Holistic SC visibility
  - Short Term
- Daily or sub daily level
- Scenario Comparison
- Heuristic based
- Partial Optimization

Production and Transport Scheduling
Cases which will be explained during full session

- Eastman Chemical Company
  - S&OP integration with operational planning and reality based value optimization

- Novartis GSK S&OP cycle optimization
  - What-if simulations instantly available for comparison and KPI maximization

- Friesland Campina Dairy S&OP – Network Design cycle
  - End-to-End visibility in a very volatile industry with push-pull optimization
Hands-on during the sessions

- After processes, influencers, team members are defined and assessed to be ready for the next stage
- How technology can enable the growth to Stage 5
  - Optimize your workflow
  - Run what-ifs with demand and supply shaping
  - Follow up on your financials
  - Share with the team, community, executive level
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CEO, Competitive Insights, LLC

Integrated Business Planning
Generation and Protection of Profits
Integrated Business Planning

Do you …

- search multiple data sources to find what you need?
- have occasional disagreements regarding specific operational facts?
- question the validity of the data being used?
- have operating strategies without specific actionable steps?
- have different performance objectives used across the organization?
- find it difficult to precisely measure the results of specific actions?
- struggle to quickly measure operational results in order to adjust strategies?
Integrated Business Planning

Having to make timely decisions
... from silos of different data
... that may be unverified
... from multiple sources

that can create more questions than actionable steps from fragmented and unconnected data

Today’s Realities:

Data Silos

Data continues to be disconnected due to:
- Acquisitions
- Adoptions of new technologies
- Legacy systems difficult to replace
Today’s Needs:

- Data driven decision support
- End to end visibility
- Integration of data
- Specific performance insights
- Actionable profit details
- Insights to reduce complexity
- Intelligent Customer and Product Segmentation
- Management of rapidly changing Customer needs

Based on a recent survey of Top 50 Global Supply Chain executives (January 2015)
Integrated Business Planning

Strategic

Operational

Inbound

Inter-Facility

Outbound

Increasing profit performance

Accurate and precise performance insights

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Integrated Business Planning (IBP) empowers cross-functional alignment that drives significant financial improvements.

IBP solutions accurately represent a holistic model of the operation to link strategic and operational planning with financial planning.

IBP is focused on creating actionable strategies that maximize the generation and protection of profits.
Integrated Business Planning

- End to end: all costs to serve
- Integrated: profit is inclusive of all revenue and cost elements
- Minimally Allocated: built from the bottom up from transactional data
- Sustainable
- Cross-functional
- Tailored to each operation
Integrated Business Planning

Why is it important?
**One size does not fit all**

- **Precise** insight into the profit contribution
- Highlight the importance of each customer and product and identify **specific** opportunities
- Create **actionable** and targeted strategies
IBP doesn’t replace S&OP but is very complementary

S&OP focuses on execution
IBP focuses on profit performance
Integrated Business Planning

Integrated Business Planning

Generation of Profits

Protection of Profits
Integrated Business Planning – Profit Generation

**Baseline Performance**
Establish a unified understanding of the key drivers of profit performance through precise and specific performance insights.

**Identify Opportunities**
Developing cross-functional strategies to increase profit contributions using multiple forms of IBP analytics.

**Monitor Results**
Measuring over time to identify new opportunities as well as performance exceptions.
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Supply Chain Risk Management
Protection of Profits
Supply Chain Risk Management

Supply Chain Operations Are Being Extended By Changes In Manufacturing Footprints While Companies Are Aggressively Positioning To Enter New Markets and Gain Market Share

Supply Chains Are Being Pulled At Both Ends

Inbound
- International Suppliers
- Domestic Manufacturing
- Off-Shore Manufacturing
- Ports

Inter-Facility
- Domestic Suppliers
- Inbound Inter-Facility Outbound
- Domestic Manufacturing
- Ports

Outbound
- Market D.C.s
- Customer D.C.s
- Customers
- International Suppliers
- Domestic Suppliers
- Domestic Manufacturing
- Off-Shore Manufacturing
- Ports
Supply Chain Risk Management

Supply Chain Disruption Facts

A study that examined over 800 instances of supply chain disruptions determined a significant impact on Customer and Shareholder Value:

- Revenue (↓ 7%)
- Cost of Goods (↑ 11%)
- Inventory (↑ 14%)
- Impact (3 years)

It’s all about minimizing the negative impact of jeopardizing the ability to service Customer Orders

* Professors Vinod Singhal, Georgia Tech, and Kevin Hendricks, University of Western Ontario
Every Company Has Its Approach To This Structure

Overall Business Continuity and Risk Planning

- Information Technology (IT) Planning & Execution
- General Financial Planning & Execution
- Core Operational Capability Planning & Execution
- General Security Planning & Execution
- Supply Chain (Source-Make-Store-Deliver) Planning & Execution
- Operational Support (legal, gov't compliance, internal support) Risk Planning & Execution
- Short Timeframe Impact
- Extended Timeframe Impact
Identifying supply chain risks and prioritize by financial impact

Developing strategies to mitigate supply chain risks and conduct cost-benefit analysis

Measuring the performance of each strategy for each targeted risk
Questions?

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To learn more about our offerings, please visit www.scl.gatech.edu

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